

# Dairies facing \$1 billion hit, seek U.S. aid

By Dennis Pollock  
FRESNO BEE

California dairy operators on Monday asked for federal disaster assistance after a heat wave that could cost up to \$1 billion.

Two weeks of triple-digit temperatures - particularly in the central San Joaquin Valley, the state's leading dairy region - contributed to the deaths of an estimated 16,500 cows. Industry officials said it also disrupted breeding of animals and cut milk production by at least 10 percent.

"This was a disaster for many of our dairies," said Michael Marsh, chief executive of the Modesto-based Western United Dairywomen. "We need help to stay in business another year."

Even before the scorching heat of recent days, the state's producers were feeling the pinch of increased production costs and declining prices for the milk they sell.

The average minimum price paid to dairy operators in California the first six months of 2006 was \$10.73 per 100 pounds of milk - \$2.79 below the average cost of production, said Tiffany LaMendola, director of economic analysis for Western United Dairywomen.

Bakersfield dairy operator Ralph Te Velde said the situation is dire.

"Prices are at record lows, the feed bill has gone up and the power bill has gone up," he said. "Everybody's got their hands in our pockets."

LaMendola said costs for production increased 5.4 percent between 2004 and 2005, and 8 percent since 2003.

Marsh said this is the first time Western United Dairywomen has spearheaded a call for federal assistance. The help could offset losses of livestock and provide assistance for reduced production, possibly through direct payments, he said. He said similar assistance was provided to dairy operators

in the Gulf Coast region in the wake of Hurricane Katrina.

Marsh said the heat also is expected to hurt calf production.

Western United on Monday sent a letter to Gov. Arnold Schwarzenegger requesting that his administration take steps to get federal financial aid.

Sen. Barbara Boxer, D-Calif., also called on the governor to declare a state of emergency to assist California ranchers and dairy farmers. State and federal officials could not be reached to comment.

Production of milk in the state dropped between 10 percent and 15 percent during the heat wave, and Marsh said it's expected production will continue to remain low.

He said prices nationwide could rise because of reduced production in California, and dairies outside the state could benefit.

Milk production is a \$5.2 billion business in California, and the central San Joaquin Valley leads the state with more than 1 million cows and 1,001 dairies in Fresno, Kings, Madera, Merced and Tulare counties.

Gary Korsmeier, president and chief executive of California Dairies Inc., the state's largest milk cooperative, said milk production dropped at least 15 million pounds a day statewide during the heat wave. Normally, about 107 million pounds of milk are produced daily in California.

Marsh said his organization is working with agricultural commissioners and dairy producers to bolster the case for assistance.

Larry Collar, quality assurance manager for California Dairies in Tipton, said the heat and its effect on livestock were bad - "the worst I've seen, and I've been doing this 25 years."

It's expected this week's cooler weather will cut down on livestock losses. "As temperatures have moderated, mortality at farms has moderated," Collar said. "But we're in the middle of summer; we have a couple really warm months to go."

Selma dairy operator Steve Nash was blunt in his description of the effects of the heat wave: "Terrible. This is the worst I have seen."

A mild winter outside California drove up supplies of milk this year, said Steve Maddox, a dairy operator in Burrell. Then came the heat wave, which also is being felt by dairies in the Midwest and elsewhere.

Heat nationwide will reduce supplies across the board and should bring better prices for all dairy operators, said Jon Robison, professor of dairy science at California State University, Fresno.

He said producers could expect milk selling at \$12 per 100 pounds in the months ahead, but that is "still relatively low compared to where we've been the past two years or so."

Robison said it is unlikely consumers will see an increase in the price of milk in stores.

Maddox said that during the heat wave in the Valley he lost cows at twice the normal death rate.

Neither Maddox nor Nash would disclose the number of cows that died.

"I try not to say that number," Nash said.

Donny Rollin, a Riverdale dairyman, said a nutritionist told him most dairies lost some animals, despite taking added steps to keep them cool.

He said he lost an average of two cows per day, despite cooling efforts and delaying vaccinations and other activities that would add stress for his cows.

# State looks to flex ag clout

## California farmers want bigger slice of U.S. subsidies

By Jim Downing  
BEE STAFF WRITER

Despite its position as the top-producing agricultural state, California often has been a relative wallflower when Congress wrangles twice a decade over federal farm spending.

But in 2007, the year that the next farm bill is expected to be passed, the state is looking to throw its weight around. Industry groups made that clear Tuesday at the state Capitol dur-

ing a four-hour public hearing hosted by state Food and Agriculture Secretary A.G. Kawamura.

To secure any policy changes, disparate farm interests will have to come together around a common agenda, something that has been difficult to achieve in the past in the Golden State.

The bulk of the \$20 billion in annual federal farm program spending now flows overwhelmingly to just five crops — rice, cotton, soybeans, corn

and wheat — which are grown mostly in the Midwest and South.

California farmers also grow plenty of cotton and rice, but the bulk of the state's farm production is fruits, nuts and vegetables — the so-called "specialty crops" that are ineligible for most federal support.

Specialty crop interests have been organizing both statewide and nationally over the past two years to change

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how spending is allotted in the farm bill.

With that in mind, the state's rice farmers are bracing for subsidy cuts since overall spending is not expected to grow.

"They're obviously competing demands — and the reality is there's not going to be enough money in this farm bill to meet everyone's wants and wishes," said Don Bransford, a Colusa rice farmer and the chairman of the California Rice Producers Group, in an interview during Tuesday's session. "In fact, there will be less money than in the last bill in total."

At the hearing, specialty crop growers said they wanted to see increased funding for a few key priorities:

- Marketing programs, both domestic and international.
- Research and food safety programs aimed at combating plant and animal diseases.
- Conservation grants to reward farmers for adopting environmentally sound practices.
- Nutrition programs, especially for children.
- Alternative energy programs.

"This issue is now mature for change," said Barry Bedwell, president of the California Grape

and Tree Fruit League.

While the merits of such programs speak for themselves, it is likely to be difficult to secure funding since it would require cuts in existing subsidy programs, which have tenacious and long-standing political support.

Yet Bransford fully expects to see some changes, saying: "Fruits and vegetables are going to be at the table, and they are going to receive a larger portion of money than they have historically."

Several developments — both national and international — are increasing the pressure for this sort of farm policy change.

Traditional U.S. farm subsidies have become a serious stumbling block in international trade negotiations, for instance. Concerns about foreign animal and plant diseases and bioterrorism could prompt increased spending on those issues. And the growing awareness of diet-related health problems like obesity and diabetes has made nutrition promotion a higher priority.

Bransford said he anticipates some cuts in the traditional subsidy programs — due to both the pressure from specialty crop growers and the general budget-cutting mood in Washington.

In the long run, he said, the

state's rice industry is hoping that the federal government will continue to negotiate for improved access to foreign markets — a goal it shares with many specialty crop groups. If key markets in Japan and South Korea were open to U.S. exports, he said, the state's rice industry wouldn't need subsidies at all.

The Bush administration has hinted that it will support significant changes in the farm bill. But it is certain to face opposition in Congress and from much of the farm lobby. The powerful American Farm Bureau, for instance, said last week that it supports extending the current farm bill.

Daniel Sumner, an economics professor who directs the University of California Agricultural Issues Center at UC Davis, said it also remains to be seen whether newly emboldened advocates for change will actually be able to influence Congress.

"Those groups are at all the public hearings," he said. "The question is: Do they know where the back room is, where the bill really gets written at midnight?"

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